BoH Tool Box

THREE PUSHES STRUCTURE

#BOHprocess

WHAT IS THE THREE PUSHES STRUCTURE?

- In classical TA, it is called a wedge. The wedge is bearish (bullish) if price is rising (falling) in a wedge-like structure. In short, three pushes pattern is a reversal pattern and it is a favorite at BOH.
- When you read up on the structure, what you will realize is that the literature focuses too much on the buy/sell trigger for trading the pattern without telling you exactly where to sell/cover after taking the trade.
- At BOH, we’ve taken great pains to map out where prices will go to next once the three pushes structure is firmly in place.

ELEMENTS OF THE THREE PUSHES STRUCTURE

- The three pushes structure occur in different shapes and sizes. Said pattern can occur within a broad trading range or at tail end of a prevailing trend. And as discussed, it marks potential tops (bottoms) that have measurable moves once the reversal is underway.

- The three pushes is very reliable reversal pattern and can occur in different time frames. We like the structure because our research show us that we can use the 88.6%, 113%, and 161.8% Fibonacci ratios to project key trading levels.

- The most important thing to note about the structure is its clarity. When you see it, there will no second guessing if it’s three pushes or not. There will be no need to ask if it conforms to what you know about the structure. You will know it. You will feel it.

ORE: LARGE BEARISH RISING WEDGE

AGF: SHARP RISING WEDGE

HOUSE: SMALL RISING WEDGE

ALL ABOUT THE FIBS (1)

- The trick to making a projection after the third push is to use the Fibonacci retracement tool.
- Anchor the Fibo tool's 0% level on the highest point of the third push and the 100% level on the lowest point of the pullback after the "first push".
- From there, the key Fibonacci ratios are 88.6% and 113%. These represent the potential buy (sell) zone for the three pushes structure.

ALL ABOUT THE FIBS (2)

Two caveats when making these projections:

(1) it is not uncommon to see prices bounce off the 50% Fib. When they do, you can expect either one of two things: (a) a lower high rally back to the high of the third push or (b) an extension rally that produces a higher high (technical a fourth push) but should still be considered a topping out run that should be sold into (if you’re dealing with a bearish pattern).

(2) It is also not uncommon to see the 113% Fib support fail. When it does, the next move will automatically be towards the 161.8% Fib already.

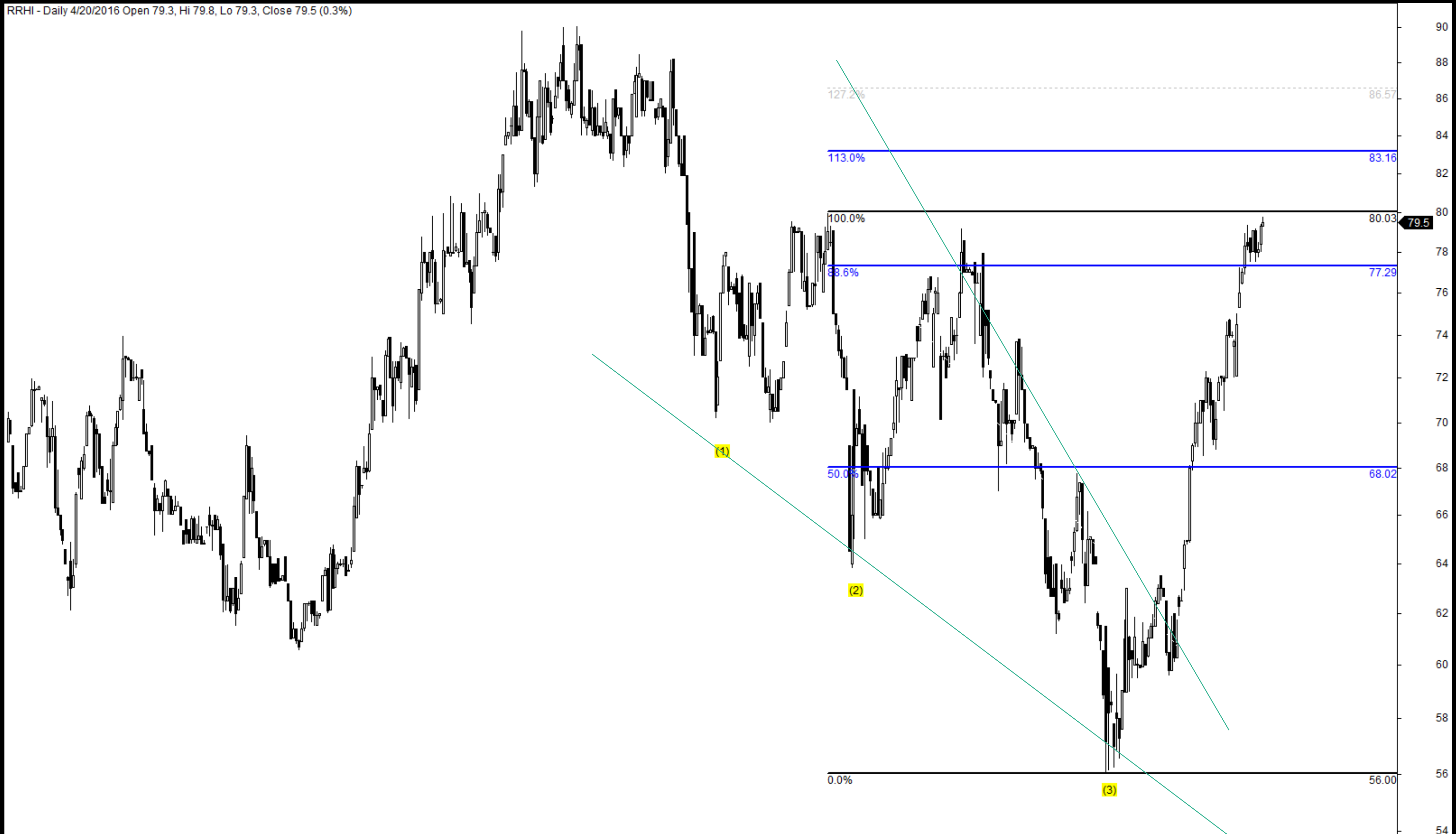
PGOLD: BOUNCED OFF THE 50%

ORE: FOUND SUPORT AT THE 113% FIBO

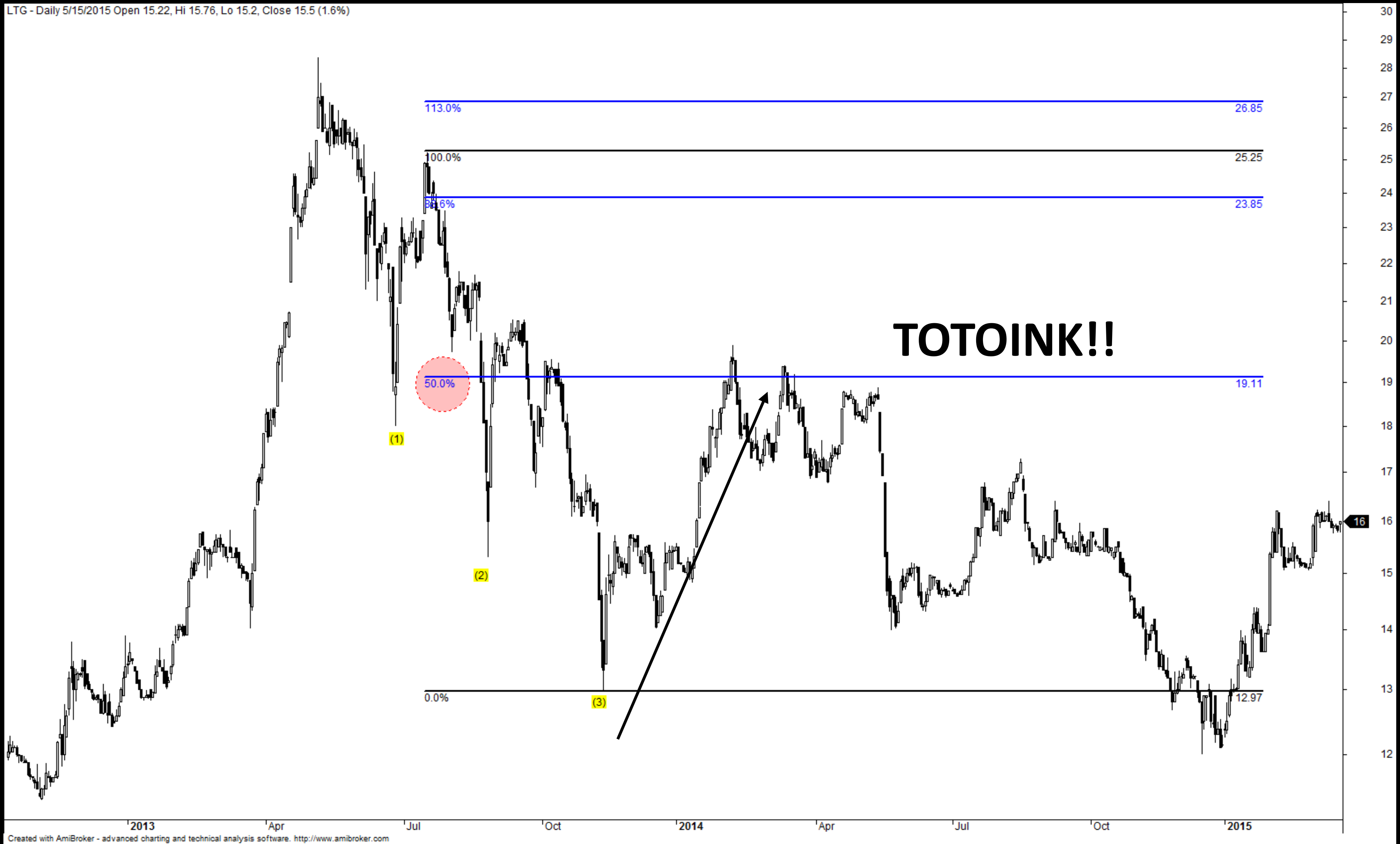
DIZ: THREE PUSHES GAVE BIRTH TO DIZ-PARABOLIC

NI: DIZ PARABOLIC SET-UP

RRHI: THREE PUSHES TO A LOW



LTG: FAILED THREE PUSHES TO A LOW AT 50% FIB



FINAL WORD

There are still several undocumented pattern transitions after completion of a three pushes structure. Just keep the following in questions mind:

- What happens to a completed three pushes that consolidates above the low of the third push. We've so far documented them trading sideways with a fourth push marking a false breakout.

- What happens to a completed three pushes that consolidates above the low of the second push? We've documented such stocks transitioning bullishly after a brief sideways consolidation around the low of the second push.

- What is common though for all times of three pushes is that they tend to underperform (outperform) the broad market after the third push but how long they underperform (outperform) still needs further documentation.

- In summary, three pushes, whether "to a high" or "to a low", gives us measured targets that we can plan around on. While our experience so far has shown us the high degree of accuracy of both the 88.6% and 113%, as in everything about the market, trade management is key.